

The days of urban sprawl are over but not for the reasons you think

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One of the few things increasing as fast as the price of oil lately has been the amount of commentary linking higher energy costs to the death of suburbia. Clearly, higher gas prices have affected where people want – or can afford – to live. Just as the demand for SUVs plummets and consumers have finally begun to see the point of hybrids, people are turning away from sprawling exurbs toward urban neighbourhoods and inner suburbs.

A recent report from CEOs for Cities, a group of U.S. business leaders, mayors and university presidents, declares: "Now that the era of cheap gas is over, demand for development on the fringe is down, and consumer interest and market potential lie in developing and redeveloping neighbourhoods closer to the urban core."

"Could it happen in Canada?" this newspaper asked recently. While Canada is not suffering from the one-two punch of rising gas prices and subprime mortgages, it's abundantly clear that the same kind of shift away from sprawling suburbs and toward the urban core is under way from Toronto and Montreal to Vancouver and Calgary.

But what's happening here goes a lot deeper than the end of cheap oil. We are now passing through the early development of a wholly new geographic order – what geographers call "the spatial fix" – of which the move back toward the city is just one part.

Suburbanization was the spatial fix for the industrial age – the geographic expression of mass production. Low-cost mortgages, massive highway systems and suburban infrastructure projects fuelled the industrial engine of postwar capitalism, propelling demand for cars, appliances and all sorts of industrial goods.

The creative economy is giving rise to a new spatial fix and a very different geography – the contours of which are only now emerging.

Rising fuel costs are one thing, but in today's idea-driven economy, it's time costs that

really matter. With the constant pressure to be more efficient and to innovate, it makes little sense to waste countless collective hours commuting. So the most efficient and productive regions are the ones in which people are thinking and working – not sitting in traffic. And, according to detailed research by the Nobel Prize-winning economist Daniel Kahneman, commuting is among the least enjoyable, if not the single least enjoyable, of all human activities.

Thus, urban cores are again becoming centres for technology, jobs and economic growth. Leading-edge companies are recognizing the value of an urban location. Google runs a shuttle bus that takes employees who live in downtown San Francisco to its Silicon Valley headquarters. On a recent visit to the company's new facility in lower Manhattan, I was shown a map of where the employees lived. Most were clustered in a tight band across lower Manhattan, Brooklyn and nearby areas such as Jersey City and Hoboken in New Jersey. Remember, these are well-paid people who could live behind picket fences on suburban Long Island, Westchester or Fairfield, Conn., if they so chose.

The new spatial fix is simultaneously more global and more concentrated – oriented around a smaller number of large world cities and global mega-regions. For every San Francisco or London, there is a Detroit or a Cleveland, regions where both the urban core and the suburbs are in decline.

Zach Neal, a sociologist at the University of Illinois, Chicago, writes that the city-regions of the past were essentially self-contained markets that operated as “functional hierarchies” – i.e., they produced just about all they needed themselves and supported everything from agriculture and factory complexes to downtown office centres and residential suburbs.

But Neal says the new global system of cities is built on “relational hierarchy” – it's the relationships between key cities and regions globally that matter. A Brookings Institution report finds that global cities such as New York, London, Tokyo and Shanghai are strongly connected to one another, much more so than, say, New York and Louisville or Toronto and Edmonton.

As these global centres grow ever larger and more strategically important, they essentially usurp many of the functions once played by second- and third-tier cities – in effect, growing larger at their expense.

And it's within these global centres – from London, New York and Tokyo to Toronto, Los Angeles and Sydney – that the shift from the suburbs toward the urban core is most pronounced, as talented, ambitious people trade more space for shorter commutes. As housing prices in suburbs and second-tier cities stagnate – or, in the case of certain U.S. suburbs, nose-dive – prices in these superstar urban centres continue to rise, in some cases to stratospheric rates.

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While we are in the early development of this new economic geography, one trend is clear: The history of economic development and of capitalism revolves around the more intensive use of urban space. The coming decades will thus probably see greater concentrations of people, increasing densities, and further clustering of industry, work and innovation in a smaller number of humongous cities and mega-regions globally. Alongside that will come ever more concentrated economic opportunity and deepening social and economic divides between people and places.

Rising energy costs may be the proverbial straw that is breaking the camel's back, but the geographic transformation we are living through is driven by something far bigger than high prices at the gas pump.

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